

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4801

To amend the Small Business Act, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1994

Mr. LAFALCE (for himself, Mr. SMITH of Iowa, Mr. SKELTON, Mr. MAZZOLI, Mr. WYDEN, Mr. BILBRAY, Mr. MFUME, Mr. KLINK, Ms. ROYBAL-ALLARD, Mr. HILLIARD, and Mr. THOMPSON of Mississippi) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To amend the Small Business Act, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the “Small Business Reau-  
4       thorization and Amendment Act of 1994”.

### 5       **TITLE I—AUTHORIZATIONS**

#### 6       **SEC. 101. AUTHORIZATIONS.**

7       Section 20 of the Small Business Act (15 U.S.C. 631  
8       note) is amended by striking all of such section after sub-  
9       section (k), as added by section 115(a) of the Small Busi-  
10      ness Credit and Business Opportunity Enhancement Act  
11      of 1992, and by inserting in lieu thereof the following:

1       “(l) The following program levels are authorized for  
2 fiscal year 1995:

3           “(1) For the programs authorized by this Act,  
4 the Administration is authorized to make  
5 \$142,000,000 in direct and immediate participation  
6 loans; and of such sum, the Administration is au-  
7 thorized to make \$12,000,000 in loans as provided  
8 in section 7(a)(10) and \$130,000,000 in loans as  
9 provided in section 7(m).

10          “(2) For the programs authorized by this Act,  
11 the Administration is authorized to make  
12 \$12,320,000,000 in deferred participation loans and  
13 other financings. Of such sum, the Administration is  
14 authorized to make—

15           “(A) \$9,315,000,000 in general business  
16 loans as provided in section 7(a);

17           “(B) \$2,200,000,000 in financings as pro-  
18 vided in section 7(a)(13) and section 504 of the  
19 Small Business Investment Act of 1958; and

20           “(C) \$20,000,000 in loans as provided in  
21 section 7(m).

22          “(3) For the programs authorized by title III of  
23 the Small Business Investment Act of 1958, the Ad-  
24 ministration is authorized to make—

1           “(A) \$33,000,000 in purchases of pre-  
2           ferred securities;

3           “(B) \$285,000,000 in guarantees of de-  
4           bentures, of which \$55,000,000 is authorized in  
5           guarantees of debentures from companies oper-  
6           ating pursuant to section 301(d) of such Act;  
7           and

8           “(C) \$500,000,000 in guarantees of par-  
9           ticipating securities.

10          “(4) For the programs authorized by part B of  
11          title IV of the Small Business Investment Act of  
12          1958, the Administration is authorized to enter into  
13          guarantees not to exceed \$1,800,000,000, of which  
14          not more than \$600,000,000 may be in bonds ap-  
15          proved pursuant to the provisions of section  
16          411(a)(3) of such Act.

17          “(5) For the Service Corps of Retired Execu-  
18          tives program authorized by section 8(b)(1) of this  
19          Act, the Administration is authorized to make  
20          grants or enter cooperative agreements not to exceed  
21          \$3,500,000, and for the small business institute pro-  
22          gram authorized by section 8(b)(1) of this Act, the  
23          Administration is authorized to make grants or  
24          enter cooperative agreements not to exceed  
25          \$3,000,000.

1       “(m) There are authorized to be appropriated to the  
2 Administration for fiscal year 1995 such sums as may be  
3 necessary to carry out the provisions of this Act, including  
4 administrative expenses and necessary loan capital for dis-  
5 aster loans pursuant to section 7(b), and to carry out the  
6 provisions of the Small Business Investment Act of 1958,  
7 including salaries and expenses of the Administration.

8       “(n) The following program levels are authorized for  
9 fiscal year 1996:

10           “(1) For the programs authorized by this Act,  
11 the Administration is authorized to make  
12 \$208,000,000 in direct and immediate participation  
13 loans; and of such sum the Administration is author-  
14 ized to make \$13,000,000 in loans as provided in  
15 section 7(a)(10) and \$195,000,000 in loans as pro-  
16 vided in section 7(m).

17           “(2) For the programs authorized by this Act,  
18 the Administration is authorized to make  
19 \$14,610,000,000 in deferred participation loans and  
20 other financings. Of such sum, the Administration is  
21 authorized to make—

22           “(A) \$10,935,000,000 in general business  
23 loans as provided in section 7(a);

1           “(B) \$2,500,000,000 in financings as pro-  
2           vided in section 7(a)(13) and section 504 of the  
3           Small Business Investment Act of 1958; and

4           “(C) \$20,000,000 in loans as provided in  
5           section 7(m).

6           “(3) For the programs authorized by title III of  
7           the Small Business Investment Act of 1958, the Ad-  
8           ministration is authorized to make—

9           “(A) \$39,000,000 in purchases of pre-  
10          ferred securities;

11          “(B) \$405,000,000 in guarantees of de-  
12          bentures, of which \$55,000,000 is authorized in  
13          guarantees of debentures from companies oper-  
14          ating pursuant to section 301(d) of such Act;  
15          and

16          “(C) \$750,000,000 in guarantees of par-  
17          ticipating securities.

18          “(4) For the programs authorized by part B of  
19          title IV of the Small Business Investment Act of  
20          1958, the Administration is authorized to enter into  
21          guarantees not to exceed \$1,800,000,000, of which  
22          not more than \$600,000,000 may be in bonds ap-  
23          proved pursuant to the provisions of section  
24          411(a)(3) of such Act.

1           “(5) For the Service Corps of Retired Execu-  
2           tives program authorized by section 8(b)(1) of this  
3           Act, the Administration is authorized to make  
4           grants or enter cooperative agreements not to exceed  
5           \$3,675,000, and for the small business institute pro-  
6           gram authorized by section 8(b)(1) of this Act, the  
7           Administration is authorized to make grants or  
8           enter cooperative agreements not to exceed  
9           \$3,150,000.

10          “(o) There are authorized to be appropriated to the  
11       Administration for fiscal year 1996 such sums as may be  
12       necessary to carry out the provisions of this Act, including  
13       administrative expenses and necessary loan capital for dis-  
14       aster loans pursuant to section 7(b), and to carry out the  
15       provisions of the Small Business Investment Act of 1958,  
16       including salaries and expenses of the Administration.

17          “(p) The following program levels are authorized for  
18       fiscal year 1997:

19               “(1) For the programs authorized by this Act,  
20               the Administration is authorized to make  
21               \$284,000,000 in direct and immediate participation  
22               loans; and of such sum the Administration is author-  
23               ized to make \$14,000,000 in loans as provided in  
24               section 7(a)(10) and \$270,000,000 in loans as pro-  
25               vided in section 7(m).

1           “(2) For the programs authorized by this Act,  
2           the Administration is authorized to make  
3           \$18,875,000,000 in deferred participation loans and  
4           other financings. Of such sum, the Administration is  
5           authorized to make—

6                   “(A) \$14,175,000,000 in general business  
7                   loans as provided in section 7(a);

8                   “(B) \$3,000,000,000 in financings as pro-  
9                   vided in section 7(a)(13) and section 504 of the  
10                  Small Business Investment Act of 1958; and

11                  “(C) \$20,000,000 in loans as provided in  
12                  section 7(m).

13           “(3) For the programs authorized by title III of  
14           the Small Business Investment Act of 1958, the Ad-  
15           ministration is authorized to make—

16                   “(A) \$45,000,000 in purchases of pre-  
17                   ferred securities;

18                   “(B) \$555,000,000 in guarantees of de-  
19                   bentures, of which \$55,000,000 is authorized in  
20                   guarantees of debentures from companies oper-  
21                   ating pursuant to section 301(d) of such Act;  
22                   and

23                   “(C) \$1,125,000,000 in guarantees of par-  
24                   ticipating securities.

1           “(4) For the programs authorized by part B of  
2 title IV of the Small Business Investment Act of  
3 1958, the Administration is authorized to enter into  
4 guarantees not to exceed \$1,800,000,000, of which  
5 not more than \$600,000,000 may be in bonds ap-  
6 proved pursuant to the provisions of section  
7 411(a)(3) of such Act.

8           “(5) For the Service Corps of Retired Execu-  
9 tives program authorized by section 8(b)(1) of this  
10 Act, the Administration is authorized to make  
11 grants or enter cooperative agreements not to exceed  
12 \$3,860,000, and for the small business institute pro-  
13 gram authorized by section 8(b)(1) of this Act, the  
14 Administration is authorized to make grants or  
15 enter cooperative agreements not to exceed  
16 \$3,310,000.

17           “(q) There are authorized to be appropriated to the  
18 Administration for fiscal year 1997 such sums as may be  
19 necessary to carry out the provisions of this Act, including  
20 administrative expenses and necessary loan capital for dis-  
21 aster loans pursuant to section 7(b), and to carry out the  
22 provisions of the Small Business Investment Act of 1958,  
23 including salaries and expenses of the Administration.”.



## **TITLE II—FINANCIAL ASSISTANCE PROGRAMS**

### **SEC. 201. MICROLOAN FINANCING PILOT.**

Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended by adding the following new paragraph at the end:

“(12) DEFERRED PARTICIPATION LOAN PILOT.—During fiscal years 1995 through 1997, on a pilot basis, in lieu of making direct loans to intermediaries as authorized in paragraph (1)(B), the Administration may participate on a deferred basis of up to 100 percent on loans made to intermediaries by a for-profit or non-profit entity or by alliances of such entities subject to the following conditions:

“(A) NUMBER OF LOANS.—The Administration shall not participate in providing financing on a deferred basis to more than ten intermediaries in urban areas per year and to more than ten intermediaries in rural areas per year.

“(B) TERM OF LOANS.—The term of such loans shall be ten years. During the first five years of the loan, the intermediary shall be required to pay interest only; and during the sec-

1           ond five years of the loan, the intermediary  
2           shall be required to fully amortize principal and  
3           interest payments.

4           “(C) INTEREST RATE.—The interest rate  
5           on such loans shall be the rate specified by  
6           paragraph (3)(F) for direct loans.”.

7   **SEC. 202. MICROLOAN STATE LIMITATION.**

8           Section 7(m)(7)(C) of the Small Business Act (15  
9   U.S.C. 636(m)(7)(C)) is repealed.

10   **SEC. 203. LIMIT ON PARTICIPATION.**

11          Section 7(m)(7)(A) of the Small Business Act (15  
12   U.S.C. 636(m)(7)(A)) is amended to read as follows:

13               “(A) NUMBER OF PARTICIPANTS.—During  
14               this demonstration program, the Administration  
15               is authorized to fund, on a competitive basis,  
16               not more than 240 microloan programs.”.

17   **SEC. 204. EQUITABLE DISTRIBUTION.**

18          Section 7(m)(8) of the Small Business Act (15  
19   U.S.C. 636(m)(8)) is amended to read as follows:

20               “(8)       EQUITABLE       DISTRIBUTION       OF  
21   INTERMEDIARIES.—In approving microloan program  
22   applicants, the Administration shall select participa-  
23   tion by such intermediaries as will ensure appro-  
24   priate availability of loans to small businesses lo-  
25   cated in urban areas and in rural areas.”.

1 **SEC. 205. AMOUNT OF LOANS TO INTERMEDIARIES.**

2 Section 7(m)(3)(C) of the Small Business Act (15  
3 U.S.C. 636(m)(3)(C)) is amended to read as follows:

4 “(C) LOAN LIMITS.—In determining the  
5 amount of funding which the Administration  
6 may provide to one intermediary, it shall take  
7 into consideration the small business population  
8 in the area served by the intermediary.”.

9 **SEC. 206. LOANS TO EXPORTERS.**

10 Section 7(a)(14)(A) of the Small Business Act (15  
11 U.S.C. 636(a)(14)(A)) is amended to read as follows:

12 “(A) The Administration may provide ex-  
13 tensions, standby letters of credit, revolving  
14 lines of credit for export purposes, and other fi-  
15 nancing to enable small business concerns, in-  
16 cluding small business export trading companies  
17 and small business export management compa-  
18 nies, to develop foreign markets. A bank or par-  
19 ticipating lending institution may establish the  
20 rate of interest on such financings as may be  
21 legal and reasonable.”.

22 **SEC. 207. WORKING CAPITAL INTERNATIONAL TRADE**  
23 **LOANS.**

24 Section 7(a)(3)(B) of the Small Business Act (15  
25 U.S.C. 636(a)(3)(B)) is amended to read as follows:

1           “(B) if the total amount outstanding and  
2           committed (on a deferred basis) solely for the  
3           purposes provided in paragraph (16) to the bor-  
4           rower from the business loan and investment  
5           fund established by this Act would exceed  
6           \$1,250,000, of which not more than \$750,000  
7           may be used for working capital, supplies, or  
8           financings under section 7(a)(14) for export  
9           purposes; and”.

10 **SEC. 208. GUARANTEES ON INTERNATIONAL TRADE LOANS.**

11           Section 7(a)(2)(B)(iv) of the Small Business Act (15  
12 U.S.C. 636(a)(2)(B)(iv)) is amended to read as follows:

13           “(iv) not less than 85 percent nor more  
14           than 90 percent of the financing outstanding at  
15           the time of disbursement if such financing is a  
16           loan under paragraph (14) or under paragraph  
17           (16).”.

18 **SEC. 209. ACCREDITED LENDERS PROGRAM.**

19           (a) Title V of the Small Business Investment Act of  
20 1958 (15 U.S.C. 695 et seq.) is amended by adding at  
21 the end the following new section:

22 **“SEC. 507. ACCREDITED LENDERS PROGRAM.**

23           “(a) The Administration is authorized to establish an  
24 Accredited Lenders Program for qualified State and local

1 development companies which meet the requirements of  
2 subsection (b).

3 “(b) The Administration may designate a qualified  
4 State or local development company as an accredited lend-  
5 er if such company—

6 “(1) has been an active participant in the devel-  
7 opment company program for at least the last 12  
8 months;

9 “(2) has well-trained, qualified personnel who  
10 are knowledgeable in the Administration’s lending  
11 policies and procedures for the development company  
12 program;

13 “(3) has the ability to process, close, and serv-  
14 ice financing for plant and equipment under section  
15 502 of this Act;

16 “(4) has a loss rate on its debentures that is  
17 acceptable to the Administration;

18 “(5) has a history of submitting to the Admin-  
19 istration complete and accurate debenture guaranty  
20 application packages; and

21 “(6) has demonstrated the ability to serve small  
22 business credit needs for financing plant and equip-  
23 ment as provided in section 502 of this Act.

24 “(c) The Administration shall expedite the processing  
25 of a loan application or servicing action submitted by a

1 qualified State or local development company that has  
2 been designated as an accredited lender in accordance with  
3 subsection (b).

4 “(d) The designation of a qualified State or local de-  
5 velopment company as an accredited lender may be sus-  
6 pended or revoked if the Administration determines that  
7 the development company has not continued to meet the  
8 criteria for eligibility under subsection (b) or that the de-  
9 velopment company has failed to adhere to the Adminis-  
10 tration’s rules and regulations or is violating any other  
11 applicable provision of law. Suspension or revocation shall  
12 not affect any outstanding debenture guarantee.

13 “(e) For purposes of this section, the term ‘qualified  
14 State or local development company’ has the same mean-  
15 ing as in section 503(e).”.

16 (b) The Administration shall promulgate regulations  
17 to carry out this section within 90 days of the date of  
18 the enactment of this Act.

19 (c) The Administration shall report to the Small  
20 Business Committee of the United States Senate and to  
21 the Small Business Committee of the United States House  
22 of Representatives within one year, and annually there-  
23 after, on the implementation of this section, specifically  
24 including data on the number of development companies  
25 designated as accredited lenders, their debenture guaran-

1 tee volume, their loss rates, and the average processing  
2 time on their guarantee applications, along with such  
3 other information as the Administration deems appro-  
4 priate.

5 **SEC. 210. PREMIER LENDERS PROGRAM.**

6 (a) Title V of the Small Business Investment Act of  
7 1958 (15 U.S.C. 695 et seq.) is further amended by add-  
8 ing at the end the following new section:

9 **“SEC. 508. PREMIER LENDERS PROGRAM.**

10 “(a) The Administration is authorized to establish a  
11 Premier Lenders Program for certified development com-  
12 panies which meet the requirements of subsection (b).

13 “(b) The Administration may designate a participant  
14 in the accredited lenders program as a premier lender if  
15 such company—

16 “(1) has been an active participant in the ac-  
17 credited lenders program for at least the last 12  
18 months: *Provided*, That prior to January 1, 1996,  
19 the Administration may waive this provision if the  
20 applicant is qualified to participate in the accredited  
21 lenders program;

22 “(2) has a history of submitting to the Admin-  
23 istration adequately analyzed debenture guarantee  
24 application packages; and

1           “(3) agrees to assume and to reimburse the Ad-  
2           ministration for 5 percent of any loss sustained by  
3           the Administration on account of default by the cer-  
4           tified development company in the payment of prin-  
5           cipal or interest on a debenture issued by such com-  
6           pany and guaranteed by the Administration under  
7           this section.

8           “(c) Upon approval of an applicant as a premier lend-  
9           er, the certified development company shall establish a loss  
10          reserve in an amount equal to the anticipated losses to  
11          the certified development company pursuant to subsection  
12          (b)(3) based upon the historic loss rate on debentures is-  
13          sued by such company, or 3 percent of the aggregate prin-  
14          cipal amount of debentures issued by such company and  
15          guaranteed by the Administration under this section,  
16          whichever is greater. The loss reserve shall be comprised  
17          of segregated assets of the development company which  
18          shall be securitized in favor of the Administration or of  
19          such unqualified letters of credit or indemnity agreements  
20          from a third party as the Administration deems appro-  
21          priate.

22          “(d) Upon designation and qualification of a com-  
23          pany as a premier lender, and subject to such terms and  
24          conditions as the Administration may determine, and not-  
25          withstanding the provisions of section 503(b)(6), the Ad-



1   ministration may permit a premier lender to approve loans  
2   to be funded with the proceeds of and to authorize the  
3   guarantee of a debenture issued by such company. The  
4   approval by the premier lender shall be subject to the final  
5   approval as to eligibility of any such guarantee by the Ad-  
6   ministration pursuant to subsection 503(a) of this Act,  
7   but such final approval shall not include decisions by the  
8   company involving creditworthiness, loan closing, or com-  
9   pliance with legal requirements imposed by law or regula-  
10   tion.

11       “(e) The designation of a qualified State or local de-  
12   velopment company as a premier lender may be suspended  
13   or revoked if the Administration determines that the com-  
14   pany—

15               “(1) has not continued to meet the criteria for  
16       eligibility under subsection (b);

17               “(2) has not established or maintained the loss  
18       reserve required under subsection (c); or

19               “(3) is failing to adhere to the Administration’s  
20       rules and regulations or is violating any other appli-  
21       cable provision of law.

22       “(f) Suspension or revocation shall not affect any out-  
23   standing debenture guarantee.”.

1 (b) The Administration shall promulgate such regula-  
2 tions to carry out this section within 180 days of the date  
3 of the enactment of this Act.

4 (c) The Administration shall report to the Small  
5 Business Committee of the United States Senate and to  
6 the Small Business Committee of the United States House  
7 of Representatives within one year, and annually there-  
8 after, on the implementation of this section, specifically  
9 including data on the number of development companies  
10 designated as premier lenders, their debenture guarantee  
11 volume, and the loss rate for premier lenders as compared  
12 to accredited and other lenders, along with such other in-  
13 formation as the Administration deems appropriate.

14 (d) Section 508 of the Small Business Investment Act  
15 of 1958 is repealed on October 1, 1999.

16 (e) The table of contents contained in section 101 of  
17 the Small Business Investment Act of 1958 is amended  
18 by adding at the end of the matter relating to title V the  
19 following:

“Sec. 507. Accredited lenders program.  
“Sec. 508. Premier lenders program.”.

20 **SEC. 211. SSBIC ADVISORY COUNCIL.**

21 (a) COUNCIL ESTABLISHED.—Not later than 90 days  
22 after the date of the enactment of this Act, the Adminis-  
23 trator of the Small Business Administration shall appoint  
24 an Investment Advisory Council for the Specialized Small

1 Business Investment Company Program. The Council  
2 shall consist of not less than 12 individuals from the pri-  
3 vate sector, including individuals—

4 (1) who have experience in providing venture  
5 capital to small business, particularly minority small  
6 business;

7 (2) who are current participants in the Special-  
8 ized Small Business Investment Company Program;

9 (3) who are former participants in the Special-  
10 ized Small Business Investment Company Program;  
11 or

12 (4) who are or who represent small business  
13 concerns.

14 (b) CHAIRMAN AND STAFF.—The Administrator  
15 shall designate one of the members of the Council as chair-  
16 person. The Investment Division of the Small Business  
17 Administration shall provide such staff, technical support,  
18 and information as shall be deemed appropriate. Council  
19 members shall be deemed to be an advisory board pursu-  
20 ant to section 8(b)(13) of the Small Business Act for pur-  
21 poses of reimbursement of expenses.

22 (C) REPORT.—Within six months of the date of ap-  
23 pointment, the Council shall make a written report with  
24 findings and recommendations on the venture capital  
25 needs, including debt and equity, of socially or economi-

1 cally disadvantaged small business concerns and any need-  
2 ed Federal incentives to assist the private sector to meet  
3 such needs. The report shall specifically address—

4 (1) the history of the Specialized Small Busi-  
5 ness Investment Company program in providing as-  
6 sistance to such concerns and the impact of such as-  
7 sistance on the economy;

8 (2) the appropriateness and ability of the Spe-  
9 cialized Small Business Investment Company Pro-  
10 gram to meet these needs;

11 (3) the problems affecting the Specialized Small  
12 Business Investment Company Program; and

13 (4) the effectiveness of the Specialized Small  
14 Business Investment Company Program and its ad-  
15 ministration by the Small Business Administration.

16 **SEC. 212. PARTICIPATING SECURITIES FOR SMALLER**  
17 **SBICS.**

18 Section 303(g) of the Small Business Investment Act  
19 of 1958 (15 U.S.C. 683(g)) is amended by adding the fol-  
20 lowing new paragraph at the end:

21 “(13) Of the amount of the annual program  
22 level of participating securities approved in Appro-  
23 priations Acts, 50 percent shall be reserved for fund-  
24 ing Small Business Investment Companies with pri-  
25 vate capital of less than \$20,000,000; except that

1 during the last quarter of each fiscal year, the Ad-  
2 ministrator may, if he determines that there is a  
3 lack of qualified applicants with private capital  
4 under such amount, utilize all or any part of the se-  
5 curities so reserved.”.

6 **SEC. 213. REPORT ON SBIC PROGRAM.**

7 The Small Business Administration shall provide the  
8 Committee on Small Business of the House of Representa-  
9 tives and Senate with a comprehensive report on the sta-  
10 tus and disposition of all Small Business Investment Com-  
11 panies, active or in liquidation, and a complete accounting  
12 of the assets in and the basis of their portfolios, the pro-  
13 jected and actual loss rates for all portfolios in liquidation  
14 or active, and a detailed accounting of valuation of the  
15 SBIC program’s investments. This report shall be deliv-  
16 ered to the respective Committees on Small Business no  
17 later than April 15, 1995.

18 **TITLE III—SIZE STANDARDS AND**  
19 **BOND GUARANTEES**

20 **SEC. 301. COMPETITIVE DEMONSTRATION PROJECT SIZE**  
21 **STANDARDS.**

22 Section 732 of the Business Opportunity Develop-  
23 ment Reform Act of 1988 (Public Law 100–656) is  
24 amended by repealing the second sentence of such section.

1 **SEC. 302. SIZE STANDARD CRITERIA.**

2 Section 3(a)(2) of the Small Business Act (15 U.S.C.  
3 632(a)(2)) is amended to read as follows:

4 “(2) In addition to the criteria specified in paragraph  
5 (1), the Administrator may specify detailed definitions or  
6 standards by which a business concern may be determined  
7 to be a small business concern for the purposes of this  
8 Act or any other Act. Such standards may utilize number  
9 of employees, dollar volume of business, net worth, net in-  
10 come, or a combination thereof. Unless specifically author-  
11 ized by statute, no Federal department or agency may pre-  
12 scribe a size standard for categorizing a business concern  
13 as a small business concern, unless such proposed size  
14 standard—

15 “(A) is being proposed after an opportunity for  
16 public notice and comment;

17 “(B) provides for determining—

18 “(i) the size of a manufacturing concern as  
19 measured by its average employment based  
20 upon employment during each of the concern’s  
21 pay periods for the preceding twelve calendar  
22 months;

23 “(ii) the size of a concern providing serv-  
24 ices on the basis of the annual average gross re-  
25 cepts of the concern over a period of not less  
26 than 3 years; and

1           “(iii) the size of other concerns on the  
2           basis of data over a period of not less than 3  
3           years; and

4           “(C) is approved by the Administrator if it is  
5           not being proposed by the Small Business Adminis-  
6           tration.”.

7   **SEC. 303. SUNSET ON PREFERRED SURETY BOND GUARAN-**  
8           **TEE PROGRAM.**

9           Section 207 of the Small Business Administration  
10   Reauthorization and Amendment Act of 1988 (Public Law  
11   100–590) is amended by striking “September 30, 1994”  
12   and by inserting in lieu thereof “September 30, 1997”.

13   **SEC. 304. VERY SMALL BUSINESS CONCERNS.**

14           The Small Business Act (15 U.S.C. 631 et seq.) is  
15   amended by redesignating section 30 as section 41 and  
16   by inserting after section 29, as redesignated by section  
17   606 of this Act, the following:

18   **“SEC. 30. PILOT PROGRAM FOR VERY SMALL BUSINESS**  
19           **CONCERNS.**

20           “(a) ESTABLISHMENT.—The Administration shall es-  
21   tablish and carry out a pilot program in accordance with  
22   the requirements of this section to provide procurement  
23   opportunities to very small business concerns.

24           “(b) SUBCONTRACTING OF PROCUREMENT CON-  
25   TRACTS.—

1           “(1) IN GENERAL.—In carrying out the pro-  
2           gram, the Administration is authorized to enter into  
3           procurement contracts with the United States Gov-  
4           ernment and to arrange for the performance of such  
5           contracts through the award of subcontracts to very  
6           small business concerns.

7           “(2) TERMS AND CONDITIONS.—The authority  
8           of the Administration under paragraph (1) shall be  
9           subject to the same terms and conditions as apply  
10          to the authority of the Administration under section  
11          8(a), except that—

12                 “(A) the Administration may make such  
13                 modifications to such terms and conditions as  
14                 the Administration determines necessary; and

15                 “(B) all contract opportunities offered for  
16                 award under the program shall be awarded on  
17                 the basis of competition restricted to eligible  
18                 program participants.

19          “(c) PROGRAM PARTICIPATION.—Very small business  
20          concerns participating in the program shall be subject to  
21          the same terms and conditions for program participation  
22          as apply to program participants under sections 7(j) and  
23          8(a); except that—



1           “(1) the Administration may make such modi-  
2       fications to such terms and conditions as the Admin-  
3       istration determines necessary; and

4           “(2) eligibility shall be determined on the basis  
5       of qualifying as a very small business concern as de-  
6       fined in subsection (g), in lieu of the requirements  
7       contained in paragraphs (4), (5), and (6) of section  
8       8(a).

9       “(d) TECHNICAL AND FINANCIAL ASSISTANCE.—In  
10      order to assist very small business concerns participating  
11      in the program, the Administration is authorized—

12           “(1) to provide technical assistance to such con-  
13       cerns in the same manner and to the same extent  
14       as technical assistance is provided to small business  
15       concerns pursuant to section 7(j); and

16           “(2) to provide pre-authorization to such con-  
17       cerns for the purpose of receiving financial assist-  
18       ance under section 7(a).

19       “(e) PROGRAM TERM.—The Administration shall  
20      carry out the program in each of fiscal years 1995, 1996,  
21      and 1997.

22       “(f) REPORT TO CONGRESS.—On or before December  
23      31, 1996, the Administration shall transmit to Congress  
24      a report containing an analysis of the results of the pro-

1 gram, together with recommendations for appropriate leg-  
2 islative and administrative actions.

3 “(g) DEFINITIONS.—For the purposes of this section,  
4 the following definitions apply:

5 “(1) PROGRAM.—The term ‘program’ means  
6 the program established pursuant to subsection (a).

7 “(2) VERY SMALL BUSINESS CONCERN.—The  
8 term ‘very small business concern’ means a small  
9 business concern that—

10 “(A) has 10 employees or less; or

11 “(B) has average annual receipts that total  
12 \$1,000,000 or less.”.

## 13 **TITLE IV—MANAGEMENT** 14 **ASSISTANCE**

### 15 **SEC. 401. SUNSET ON COSPONSORED TRAINING.**

16 (a) The authority of the Small Business Administra-  
17 tion to cosponsor training as authorized by section 5(a)  
18 of the Small Business Computer Security and Education  
19 Act of 1984 (15 U.S.C. 633 note) is hereby repealed Sep-  
20 tember 30, 1997.

21 (b) Section 7(b) of the Small Business Computer Se-  
22 curity and Education Act of 1984 (15 U.S.C. 633 note)  
23 is amended by striking from the second sentence “and the  
24 amendments made to section 8(b)(1)(A) of the Small

1 Business Act by section 5(a)(2) of this Act are” and by  
2 inserting in lieu thereof “is”.

3 **SEC. 402. SMALL BUSINESS DEVELOPMENT CENTER PRO-**  
4 **GRAM LEVEL.**

5 Section 21(a)(4) of the Small Business Act (15  
6 U.S.C. 648(a)(4)) is amended to read as follows:

7 “(4) The Administration shall require as a condition  
8 of any grant (or amendment or modification thereof) made  
9 to an applicant under this section, that a matching  
10 amount (excluding any fees collected from recipients of  
11 such assistance) equal to the amount of such grant be pro-  
12 vided from sources other than the Federal Government,  
13 to be comprised of not less than 50 per centum cash and  
14 not more than 50 per centum of indirect costs and in-  
15 kind contributions: *Provided*, That this matching amount  
16 shall not include any indirect costs or in-kind contribu-  
17 tions derived from any Federal program: *Provided further*,  
18 That no recipient of funds under this section shall receive  
19 a grant which would exceed its pro rata share of a national  
20 program based upon the population to be served by the  
21 Small Business Development Center as compared to the  
22 total population in the United States, plus \$125,000, or  
23 \$200,000, whichever is greater, per year. The amount of  
24 the national program shall be—

25 “(A) \$70,000,000 through September 30, 1995;

1           “(B) \$77,500,000 from October 1, 1995  
2           through September 30, 1996; and

3           “(C) \$85,000,000 beginning October 1, 1996.

4   The amount of eligibility of each Small Business Develop-  
5   ment Center shall be based upon the amount of the na-  
6   tional program in effect as of the date for commencement  
7   of performance of the Center’s grant.”.

8   **SEC. 403. FEDERAL CONTRACTS WITH SMALL BUSINESS DE-**  
9                           **VELOPMENT CENTERS.**

10       (a) Section 21(a)(5) of the Small Business Act (15  
11   U.S.C. 648(a)(5)) is amended to read as follows:

12       “(5) A Small Business Development Center may  
13   enter a contract with a Federal department or agency to  
14   provide specific assistance to small business concerns if  
15   the contract is approved in advance by the Deputy Associ-  
16   ate Administrator of the Small Business Development  
17   Center program. Approval shall be based upon a deter-  
18   mination that the contract will provide assistance to small  
19   business concerns and that its performance will not hinder  
20   the Center in carrying out the terms of its grant from  
21   the Administration. The amount of any such contract shall  
22   not be subject to the matching funds requirements of  
23   paragraph (4) nor shall the amount of eligibility under  
24   such paragraph: *Provided*, That notwithstanding any  
25   other provision of law, such contracts for assistance to

1 small business concerns shall not be counted toward any  
2 Federal department or agency's small business, women-  
3 owned business, or socially and economically disadvan-  
4 tagged business contracting goal as established by section  
5 15(g) of the Small Business Act (15 U.S.C. 644(g)).”.

6 (b) Section 21(a)(6) of the Small Business Act (15  
7 U.S.C. 648(a)(6)) is amended by striking “paragraphs (4)  
8 and (5)” and by inserting in lieu thereof “paragraph (4)”.

9 **SEC. 404. CENTRAL EUROPEAN SMALL BUSINESS DEVELOP-**  
10 **MENT.**

11 Section 25(i) of the Small Business Act (15 U.S.C.  
12 652(i)) is amended by striking “and \$2,000,000 for each  
13 of fiscal years 1993 and 1994” and by inserting in lieu  
14 thereof “, \$2,000,000 for each of fiscal years 1993 and  
15 1994, and \$1,000,000 for fiscal year 1995”.

16 **SEC. 405. MOBILE RESOURCE CENTER PILOT PROGRAM.**

17 (a) ESTABLISHMENT.—The Administrator of the  
18 Small Business Administration may establish and carry  
19 out in each of fiscal years 1995, 1996, and 1997 a mobile  
20 resource pilot program (in this section referred to as the  
21 “program” in accordance with the requirements of this  
22 section.

23 (b) MOBILE RESOURCE CENTER VEHICLES.—Under  
24 the program, the Administration may use mobile resource  
25 center vehicles to provide technical assistance, informa-

1 tion, and other services available from the Small Business  
2 Administration to traditionally underserved populations.  
3 Two of such vehicles should be utilized in rural areas and  
4 2 of such vehicles should be utilized in urban areas.

5 (c) REPORT TO CONGRESS.—If the Administrator  
6 conducts the program authorized in this section, not later  
7 than December 31, 1996, he shall transmit to Congress  
8 a report containing the results of such program, together  
9 with recommendations for appropriate legislative and ad-  
10 ministrative actions.

11 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
12 authorized to be appropriated for fiscal year 1995  
13 \$900,000 to carry out this section. Of such sums—

14 (1) \$800,000 may be made available for the  
15 purchase or lease of mobile resource center vehicles;  
16 and

17 (2) \$100,000 may be made available for stud-  
18 ies, startup expenses, and other administrative ex-  
19 penses.

20 Such sums shall remain available until expended.

1 **TITLE V—RELIEF FROM FFB DE-**  
2 **BENTURE PREPAYMENT PEN-**  
3 **ALTIES**

4 **SEC. 501. CITATION.**

5 This title may be cited as the “Small Business Pre-  
6 payment Penalty Relief Act of 1994.”.

7 **SEC. 502. MODIFICATION OF DEVELOPMENT COMPANY DE-**  
8 **BENTURE INTEREST RATES.**

9 (a) IN GENERAL.—Upon the request of the issuer  
10 and the concurrence of the borrower, the Small Business  
11 Administration is authorized to transfer to the Federal Fi-  
12 nancing Bank such sums as may be necessary to carry  
13 out the provisions of this section in order to reduce the  
14 interest rate on a debenture issued by a certified develop-  
15 ment company. The reduction shall be effective January  
16 2, 1995 and shall apply for the remainder of the term  
17 of the debenture.

18 (b) INTEREST RATE MODIFICATION.—Upon receipt  
19 of such payment, the Federal Financing Bank shall mod-  
20 ify the interest rate of each debenture for which the pay-  
21 ment is made. No other change shall be made in the terms  
22 and conditions of the debenture, and the modification in  
23 the interest rate shall not be construed as new budget au-  
24 thority nor require any additional appropriation for credit  
25 subsidy on account of the modification.

1 (c) DEFINITIONS.—For the purposes of this sec-  
2 tion—

3 (1) the term “issuer” means the issuer of a de-  
4 benture pursuant to section 503 of the Small Busi-  
5 ness Investment Act of 1958 which has been pur-  
6 chased by the Federal Financing Bank if the deben-  
7 ture is outstanding on the date of enactment of this  
8 Act, and neither the loan that secures the debenture  
9 nor the debenture is in default on such date; and

10 (2) the term “borrower” means the small busi-  
11 ness concern whose loan secures a debenture issued  
12 pursuant to such section.

13 (d) OTHER RIGHTS.—A modification of the interest  
14 rate on a debenture as authorized in this section shall not  
15 affect any rights or options of the issuer or borrower which  
16 are otherwise authorized by contract or by law.

17 (e) REFINANCING.—Debentures authorized by sec-  
18 tions 504 and 505 of the Small Business Investment Act  
19 of 1958 may be used to refinance debentures issued under  
20 section 503 of such Act if the amount of the new financing  
21 is limited to such amounts as are needed to repay the ex-  
22 isting debenture, including any prepayment penalty im-  
23 posed by the Federal Financing Bank. Any such refinanc-  
24 ing shall be subject to all of the other provisions of sec-  
25 tions 504 and 505 of such Act and the rules and regula-



1 tions of the Administration promulgated thereunder, in-  
 2 cluding, but not limited to, rules and regulations govern-  
 3 ing payment of authorized expenses and commissions, fees  
 4 and discounts to brokers and dealers in trust certificates  
 5 issued pursuant to section 505: *Provided, however,* That  
 6 no applicant for refinancing under section 504 of this Act  
 7 need demonstrate that the requisite number of jobs will  
 8 be created or preserved with the proceeds of such refinanc-  
 9 ing: *Provided further,* That a development company which  
 10 provides refinancing under this subsection shall be limited  
 11 to a loan processing fee not to exceed one-half of one per-  
 12 cent to cover the cost of packaging, processing and other  
 13 nonlegal staff functions.

14 **SEC. 503. MODIFICATION OF SMALL BUSINESS INVEST-**  
 15 **MENT COMPANY DEBENTURE INTEREST**  
 16 **RATES.**

17 (a) IN GENERAL.—Upon the request of the issuer,  
 18 the Small Business Administration is authorized to trans-  
 19 fer to the Federal Financing Bank such sums as may be  
 20 necessary to carry out the provisions of this section in  
 21 order to reduce the interest rate on a debenture issued  
 22 by a Small Business Investment Company under the provi-  
 23 sions of title III of the Small Business Investment Act  
 24 of 1958. The reduction shall be effective January 2, 1995

1 and shall apply for the remainder of the term of the debenture.  
2

3 (b) INTEREST RATE MODIFICATION.—Upon receipt  
4 of such payment, the Federal Financing Bank shall modify the interest rate of each debenture for which the payment is made. No other change shall be made in the terms  
5  
6 and conditions of the debenture, and the modification in  
7 the interest rate shall not be construed as new budget authority nor require any additional appropriation for credit  
8  
9 subsidy on account of the modification.  
10

11 (c) DEFINITIONS.—For the purposes of this section,  
12 the term “issuer” means the issuer of a debenture pursuant to section 303 of the Small Business Investment Act  
13 of 1958 which has been purchased by the Federal Financing Bank if the debenture is outstanding on the date of  
14  
15 enactment of this Act, and is not in default on such date.  
16

17 (d) OTHER RIGHTS.—A modification of the interest  
18 rate on a debenture as authorized in this section shall not  
19 affect any rights or options of the issuer which are otherwise authorized by contract or by law.  
20

21 **SEC. 504. MODIFICATION OF SPECIALIZED SMALL BUSINESS INVESTMENT COMPANY DEBENTURE**  
22  
23 **INTEREST RATES.**

24 (a) INTEREST RATE MODIFICATION.—Upon the request of the issuer, the Small Business Administration is  
25

1 authorized to modify the interest rate on a debenture is-  
2 sued by a Small Business Investment Company licensed  
3 under the provisions of section 301(d) of the Small Busi-  
4 ness Investment Act of 1958 and which is held by the Ad-  
5 ministration. No debenture which has been sold to a third  
6 party shall be eligible for modification under this section.  
7 The reduction shall be effective January 2, 1995 and shall  
8 apply for the remainder of the term of the debenture. No  
9 other change shall be made in the terms and conditions  
10 of the debenture, and the modification in the interest rate  
11 shall not be construed as new budget authority nor require  
12 any additional appropriation for credit subsidy on account  
13 of the modification.

14 (b) DEFINITIONS.—For the purposes of this section,  
15 the term “issuer” means a Specialized Small Business In-  
16 vestment Company licensed under the provisions of section  
17 301(d) of the Small Business Investment Act of 1958  
18 which has issued a debenture which has been funded by  
19 the Small Business Administration, providing the deben-  
20 ture is outstanding on the date of enactment of this Act  
21 and is not in default on such date.

22 (c) OTHER RIGHTS.—A modification of the interest  
23 rate on a debenture as authorized in this section shall not  
24 affect any rights or options of the issuer which are other-  
25 wise authorized by contract or by law.

1 **SEC. 505. INTEREST RATE REDUCTIONS.**

2 (a) IN GENERAL.—Upon enactment of an Appropria-  
 3 tions Act providing funds to carry out the provisions of  
 4 this Act and limited to amounts specifically provided in  
 5 advance in Appropriations Acts, the Small Business Ad-  
 6 ministration shall evaluate the outstanding portfolio of de-  
 7 bentures which are eligible for interest rate relief under  
 8 this Act. The Administration shall apply the funds appro-  
 9 priated to carry out this Act in order to reduce the highest  
 10 interest rate on all eligible debentures to a uniform rate.

11 (b) AUTHORIZATION.—There are authorized to be ap-  
 12 propriated \$30 million to carry out the provisions of this  
 13 Act in fiscal year 1995.

14 **TITLE VI—DEVELOPMENT OF**  
 15 **WOMEN-OWNED BUSINESSES**

16 **SEC. 601. STATUS OF COUNCIL.**

17 Section 401 of the Women’s Business Ownership Act  
 18 of 1988 (15 U.S.C. 631 note) is redesignated as section  
 19 405 of such Act and, as redesignated, is amended—

20 (1) in the heading by inserting “**OF THE**  
 21 **COUNCIL**” after “**ESTABLISHMENT**”; and

22 (2) by striking the period at the end and insert-  
 23 ing the following: “which shall serve as an independ-  
 24 ent advisory council to the Interagency Committee  
 25 on Women’s Business Enterprise, to the Adminis-  
 26 trator of the Small Business Administration, and to

1 the Congress of the United States. The Council, in  
2 order to carry out its function as an independent ad-  
3 visory council to the Congress, is authorized and di-  
4 rected to report independently of the Interagency  
5 Committee directly to the Congress at such times  
6 and on such matters as it, in its discretion, deems  
7 appropriate.”.

8 **SEC. 602. DUTIES OF NATIONAL WOMEN’S BUSINESS COUN-**  
9 **CIL.**

10 Section 402 of the Women’s Business Ownership Act  
11 of 1988 (15 U.S.C. 631 note) is redesignated as section  
12 406 of such Act and, as redesignated, is amended to read  
13 as follows:

14 **“SEC. 406. DUTIES OF THE COUNCIL.**

15 “The Council shall meet at such times as it deter-  
16 mines necessary in order to advise and consult with the  
17 Interagency Committee on Women’s Business Enterprise  
18 on matters relating to the activities, functions, and policies  
19 of such Committee as provided in this title. The Council  
20 shall make annual recommendations for consideration by  
21 the Committee. The Council also shall provide reports and  
22 make such other recommendations as it deems appropriate  
23 to the Committee, to the Administrator of the Small Busi-  
24 ness Administration, and to the Small Business Commit-  
25 tee of the United States Senate and to the Small Business

1 Committee of the United States House of Representa-  
2 tives.”.

3 **SEC. 603. MEMBERSHIP OF THE COUNCIL.**

4 Section 403 of the Women’s Business Ownership Act  
5 of 1988 (15 U.S.C. 631 note) is redesignated as section  
6 407 of such Act, and, as redesignated, is amended to read  
7 as follows:

8 **“SEC. 407. MEMBERSHIP OF THE COUNCIL.**

9 “(a) The Council shall be composed of 15 members  
10 who shall be appointed by the Administrator of the Small  
11 Business Administration and who shall serve at the Ad-  
12 ministrator’s discretion. In making the appointments, the  
13 Administrator shall include racial, geographic and eco-  
14 nomic diversity, and representation from diverse sectors  
15 of the economy, including manufacturing, high technology,  
16 services and credit institutions, and shall give priority to  
17 include representation of major women’s business organi-  
18 zations.

19 “(b) Only the owner, operator or employee of a  
20 woman-owned business shall be eligible for appointment,  
21 and not more than eight appointees shall be members of  
22 the same political party. If any member of the Council  
23 subsequently becomes an officer or employee of the Fed-  
24 eral Government or of the Congress, such individual may  
25 continue as a member of the Council for not longer than

1 the thirty-day period beginning on the date such individual  
2 becomes such an officer or employee.

3 “(c) The Council annually shall select one member  
4 to serve as its Chairperson. The Chairperson of the Coun-  
5 cil, or her designee, shall be the representative of the  
6 Council to all meetings of the Interagency Committee on  
7 Women’s Business Enterprise.

8 “(d) The Council shall meet not less than four times  
9 per year. Meetings shall be at the call of the Chairperson  
10 at such times as she deems appropriate.

11 “(e) Members of the Council shall serve without pay  
12 for such membership, except they shall be entitled to reim-  
13 bursement for travel, subsistence, and other necessary ex-  
14 penses incurred by them in carrying out the functions of  
15 the Council, in the same manner as persons serving on  
16 advisory boards pursuant to section 8(b) of the Small  
17 Business Act.”.

18 **SEC. 604. INTERAGENCY COMMITTEE.**

19 Title IV of the Women’s Business Ownership Act of  
20 1988 (15 U.S.C. 631 note) is amended by striking section  
21 404 and by inserting the following new sections prior to  
22 section 405 as redesignated by section 601 of this Act:

23 **“SEC. 401. ESTABLISHMENT OF THE COMMITTEE.**

24 “There is established an Interagency Committee to  
25 be known as the ‘Interagency Committee on Women’s

1 Business Enterprise' (hereinafter in this title referred to  
2 as the Committee).

3 **"SEC. 402. DUTIES OF THE COMMITTEE.**

4 "The Committee shall—

5 "(1) promote, coordinate and monitor the  
6 plans, programs and operations of the departments  
7 and agencies of the Federal Government which may  
8 contribute to the establishment, preservation and  
9 strengthening of women's business enterprise. It  
10 may, as appropriate, develop comprehensive inter-  
11 agency plans and specific program goals for women's  
12 business enterprise with the cooperation of Federal  
13 departments and agencies;

14 "(2) promote the better utilization of the activi-  
15 ties and resources of State and local governments,  
16 business and trade associations, private industry,  
17 colleges and universities, foundations, professional  
18 organizations, and volunteer and women's business  
19 enterprise, and facilitate the coordination of the ef-  
20 forts of these groups with those of Federal depart-  
21 ments and agencies;

22 "(3) consult with the Council to develop and  
23 promote new initiatives designed to foster women's  
24 business enterprise, and to develop policies, pro-



1       grams, and plans intended to promote such develop-  
2       ment;

3           “(4) consider the Council’s recommendations  
4       and public and private sector studies of the problems  
5       of women entrepreneurs, and promote further re-  
6       search into such problems; and

7           “(5) design a comprehensive plan for a joint  
8       public-private sector effort to facilitate the develop-  
9       ment and growth of women-owned businesses. The  
10      Committee should submit the plan to the President  
11      for review within six months of the effective date of  
12      this Act.

13   **“SEC. 403. MEMBERSHIP OF THE COMMITTEE.**

14      “(a) The Committee shall be composed of representa-  
15     tives of the following departments and agencies: The De-  
16     partments of Agriculture, Commerce, Defense, Energy,  
17     Health and Human Services, Education, Housing and  
18     Urban Development, Interior, Justice, Labor, Transpor-  
19     tation, Treasury, the Federal Trade Commission, General  
20     Services Administration, National Science Foundation,  
21     Office of Federal Procurement Policy, and the Director  
22     of the Office of Women’s Business Ownership of the Small  
23     Business Administration, who shall serve as Vice Chair-  
24     person of the Committee. The head of each such depart-  
25     ment and agency shall designate a representative who

1 shall be a policy making official within the department or  
2 agency.

3 “(b) The Committee shall have a Chairperson ap-  
4 pointed by the President, after consultation with the Ad-  
5 ministrator of the Small Business Administration and the  
6 Chief Counsel for Advocacy of the Small Business Admin-  
7 istration. The Chairperson shall be the head of a Federal  
8 department or agency. If the Chairperson is the head of  
9 one of the departments or agencies enumerated in sub-  
10 section (a), he or she shall also serve as the representative  
11 of such department or agency.

12 “(c) The Committee shall meet not less than four  
13 times per year. Meetings shall be at the call of the Chair-  
14 person at such times as he or she deems appropriate.

15 “(d) The members of the Committee shall serve with-  
16 out additional pay for such membership.

17 “(e) The Chairperson of the Committee may des-  
18 ignate a Director of the Committee, after consultation  
19 with the Administrator of the Small Business Administra-  
20 tion and the Chief Counsel for Advocacy of the Small  
21 Business Administration.

22 “(f) The Chief Counsel for Advocacy is authorized to  
23 appoint to his staff under the provisions of section 204  
24 of Public Law 94–305 (15 U.S.C. 634(d)) the person so  
25 designated under subsection (e). He or she is also author-

1 ized to provide additional staff and administrative support  
2 for the Committee.

3 “(g) The Director of the Office of Women’s Business  
4 Ownership of the Small Business Administration is au-  
5 thorized to provide additional staff and administrative  
6 support for the Committee.

7 **“SEC. 404. REPORTS FROM THE COMMITTEE.**

8 “The Committee shall transmit to the President and  
9 to the Small Business Committee of the United States  
10 Senate and to the Small Business Committee of the Unit-  
11 ed States House of Representatives a report no less than  
12 once in every twelve-month period. The first such report  
13 shall be submitted no later than March 31, 1995. Such  
14 reports shall contain any recommendations from the  
15 Council and any comments of the Committee thereon, a  
16 detailed statement on the activities of the Committee, the  
17 findings and conclusions of the Committee, together with  
18 its recommendations for such legislation and administra-  
19 tive actions as it considers appropriate to promote the de-  
20 velopment of small business concerns owned and con-  
21 trolled by women.”.

22 **SEC. 605. REPEALER.**

23 Sections 404 through 407 of the Women’s Business  
24 Ownership Act of 1988, as in effect on the day before the  
25 date of the enactment of this Act, are repealed and the

1 following new section is added at the end of title IV of  
2 such Act:

3 **“SEC. 408. DEFINITIONS.**

4 “For the purposes of this Act, the term—

5 “(1) ‘woman-owned business’ shall mean a  
6 small business which is at least 51 percent owned by  
7 a woman or women who also control and operate it;

8 “(2) ‘control’ shall mean exercising the power  
9 to make policy decisions;

10 “(3) ‘operate’ shall mean being actively involved  
11 in the day-to-day management; and

12 “(4) ‘women’s business enterprise’ shall mean a  
13 woman-owned business or businesses or the efforts  
14 of a woman or women to establish, maintain, or de-  
15 velop such a business or businesses.”.

16 **SEC. 606. EXTENSION OF AUTHORITY FOR DEMONSTRA-**  
17 **TION PROJECTS.**

18 Section 28 of the Small Business Act, as added by  
19 section 2 of Public Law 102–191, is redesignated as sec-  
20 tion 29 and, as so redesignated, is amended by striking  
21 from subsection (g) “1995” and by inserting “1997”.

1 **SEC. 607. ESTABLISHMENT OF OFFICE OF WOMEN'S BUSI-**  
 2 **NESS OWNERSHIP.**

3 Section 29 of the Small Business Act, as redesignated  
 4 by section 606 of this Act, is amended by adding the fol-  
 5 lowing new subsection at the end:

6 “(h) There is established within the Administration  
 7 an Office of Women’s Business Ownership, which shall be  
 8 responsible for the administration of the Administration’s  
 9 programs for the development of women’s business enter-  
 10 prises as defined in section 408 of the Women’s Business  
 11 Ownership Act of 1988. The Office shall be headed by a  
 12 director who shall be appointed by the Administrator.”.

13 **SEC. 608. TECHNICAL AND CONFORMING AMENDMENTS.**

14 (a) Title IV of the table of contents of the Women’s  
 15 Business Ownership Act of 1988 (15 U.S.C. 631 note) is  
 16 amended to read as follows:

“TITLE IV—DEVELOPMENT OF WOMEN’S BUSINESS ENTERPRISE

“Sec. 401. Establishment of the Committee.

“Sec. 402. Duties of the Committee.

“Sec. 403. Membership of the Committee.

“Sec. 404. Reports from the Committee.

“Sec. 405. Establishment of the Council.

“Sec. 406. Duties of the Council.

“Sec. 407. Membership of the Council.

“Sec. 408. Definitions.”.

17 (b) The heading to title IV of the Women’s Business  
 18 Ownership Act of 1988 (15 U.S.C. 631 note) is amended  
 19 to read as follows:

1    **“TITLE IV—DEVELOPMENT OF WOMEN’S**  
2                   **BUSINESS ENTERPRISES”.**

3    **SEC. 609. AUTHORIZATION.**

4           There is authorized to be appropriated \$200,000 in  
5 each of fiscal years 1995 through 1997 to carry out the  
6 provisions of title IV of the Women’s Business Ownership  
7 Act of 1988 (15 U.S.C. 631 note).

8           **TITLE VII—MISCELLANEOUS**  
9                   **AMENDMENTS**

10   **SEC. 701. HANDICAPPED PARTICIPATION IN SMALL BUSI-**  
11                   **NESS SET ASIDE CONTRACTS.**

12           Section 15(c) of the Small Business Act (15 U.S.C.  
13 644(c)) is amended—

14                   (1) by amending paragraph (2)(A) to read as  
15 follows:

16           “(2)(A) During each fiscal year, public or private or-  
17 ganizations for the handicapped shall be eligible to partici-  
18 pate in programs authorized under this section in an ag-  
19 gregate amount not to exceed \$50,000,000.”; and

20                   (2) by adding the following new paragraph at  
21 the end thereof:

22           “(7) Any contract awarded to such an organization  
23 pursuant to the provisions of this subsection may be ex-  
24 tended for up to two additional years.”.

1 **SEC. 702. SBA INTEREST PAYMENTS TO TREASURY.**

2 Section 4(c)(5)(B)(ii) of the Small Business Act (15  
3 U.S.C. 633(c)(5)(B)(ii)) is amended to read as follows:

4 “(ii) The Administration shall pay into the mis-  
5 cellaneous receipts of the Treasury following the close of  
6 each fiscal year the actual interest it collects during that  
7 fiscal year on all financings made under the authority of  
8 this Act.”.

9 **SEC. 703. IMPOSITION OF FEES.**

10 Section 5(b) of the Small Business Act (15 U.S.C.  
11 634(b)) is amended—

12 (1) in paragraph (10) by striking “and” at the  
13 end;

14 (2) in paragraph (11) by striking the period at  
15 the end and inserting a semicolon; and

16 (3) by adding the following new paragraphs at  
17 the end:

18 “(12) impose, retain and use only those fees  
19 which are specifically authorized by law or which are  
20 in effect on September 30, 1994, and in the  
21 amounts and at the rates in effect on such date. The  
22 administrator is authorized to impose, retain and  
23 utilize, subject to approval in appropriations Acts,  
24 the following additional fees—

25 “(A) not to exceed \$100 for each loan  
26 servicing action requested after disbursement of

1 the loan, including substitution of collateral,  
2 loan assumptions, release or substitution of  
3 guarantors, reamortizations or similar actions;

4 “(B) to recover the direct, incremental cost  
5 involved in the production and dissemination of  
6 compilations of information produced by the  
7 Administration under the authority of the Small  
8 Business Act and the Small Business Invest-  
9 ment Act of 1958; and

10 “(13) to collect, retain and utilize, subject to  
11 approval in appropriations Acts, any amounts col-  
12 lected by fiscal transfer agents and not used by such  
13 agent as payment of the cost of loan pooling or de-  
14 benture servicing operations: *Provided*, That any  
15 monies so collected shall be utilized solely to facili-  
16 tate the administration of the program which gen-  
17 erated the excess monies.”.

18 **SEC. 704. SBIR VENDORS.**

19 Section 9(q)(2) of the Small Business Act (15 U.S.C.  
20 638(q)(2)) is amended to read as follows:

21 “(2) **VENDOR SELECTION.**—Each agency may  
22 select a vendor to assist small business concerns to  
23 meet the goals listed in paragraph (1). Such selec-  
24 tion shall be competitive using merit-based criteria,  
25 for a term not to exceed 3 years.”.



1 **SEC. 705. MANUFACTURING CONTRACTS.**

2 (a) ESTABLISHMENT OF PILOT PROGRAM.—Section  
3 15 of the Small Business Act (15 U.S.C. 644) is amended  
4 by adding at the end the following:

5 “(p) MANUFACTURING MODERNIZATION PILOT PRO-  
6 GRAM.—

7 “(1) ESTABLISHMENT.—The Administrator  
8 may establish and carry out a manufacturing mod-  
9 ernization pilot program (hereinafter in this section  
10 referred to as the ‘program’) for the purpose of pro-  
11 moting the award of Federal procurement contracts  
12 to small business concerns that participate in manu-  
13 facturing application and education centers that are  
14 established or certified pursuant to paragraph (2).

15 “(2) MANUFACTURING APPLICATION AND EDU-  
16 CATION CENTERS.—The Administrator may estab-  
17 lish manufacturing application and education centers  
18 which will provide training to small business con-  
19 cerns on new and innovative manufacturing prac-  
20 tices in a shared-use production environment and  
21 which will assist such concerns in carrying out Fed-  
22 eral procurement contracts for the manufacture of  
23 components and subsystems. The Administrator may  
24 also certify existing manufacturing application and  
25 education centers for participation in the program.

1           “(3) USE OF PRIVATE CENTERS AS EXAM-  
2           PLES.—In establishing any manufacturing applica-  
3           tion and education centers pursuant to paragraph  
4           (2), the Administrator may use as examples manu-  
5           facturing application and education centers in the  
6           private sector that provide the following services:  
7           technology demonstration, technology education,  
8           technology application support, technology advance-  
9           ment support, and technology awareness.

10           “(4) IDENTIFICATION OF CONTRACTS.—The  
11           Administrator and the head of a contracting agency  
12           may identify for additional small business set-asides  
13           pursuant to subsection (a) any procurement, and in  
14           particular any procurement which is being foreign-  
15           sourced or is considered critical, which is susceptible  
16           to performance by a small business concern if the  
17           concern is assisted by a manufacturing application  
18           and education center under the program. Any such  
19           procurement shall be subject to the requirements of  
20           subsection (a), including requirements relating to  
21           any failure of the Administrator and the head of the  
22           contracting agency to agree on procurement meth-  
23           ods.

24           “(5) NONAPPLICABILITY OF PERFORMANCE RE-  
25           QUIREMENT.—The requirement of subsection

1       (o)(1)(B) shall not apply with respect to any con-  
2       tract carried out by a small business concern under  
3       the program with the assistance of a manufacturing  
4       application and education center.

5           “(6) REGULATIONS.—Not later than 6 months  
6       after the date of the enactment of this subsection,  
7       the Administrator shall issue regulations to carry  
8       out this subsection if he determines it appropriate to  
9       carry out the program authorized by this subsection.

10          “(7) REPORTS.—

11           “(A) PROGRESS REPORT.—Not later than  
12       3 months after the last day of the fiscal year  
13       in which final regulations are issued pursuant  
14       to paragraph (6), the Administrator shall trans-  
15       mit to the Committees on Small Business of the  
16       House of Representatives and the Senate a re-  
17       port on the progress of the program.

18           “(B) FINAL REPORT.—If the Adminis-  
19       trator establishes the program authorized here-  
20       in, not later than March 31, 1999, he shall  
21       transmit to the Committees on Small Business  
22       of the House of Representatives and the Senate  
23       a report on the success of the program in—

1           “(i) enabling deployment of tech-  
2           nology to small business concerns partici-  
3           pating in the program, and

4           “(ii) assisting manufacturing applica-  
5           tion and education centers in achieving  
6           self-sufficiency,

7           together with recommendations concerning con-  
8           tinuation, modification, or discontinuance of the  
9           program.

10          “(8) PROGRAM TERM.—The Administrator may  
11          carry out the program during the period beginning  
12          on the date of issuance of final regulations under  
13          paragraph (5) and ending on September 30, 1999.

14          “(9) AUTHORIZATION OF APPROPRIATIONS.—  
15          There are authorized to be appropriated such sums  
16          as may be necessary to carry out this subsection.”.

17      **SEC. 706. DENIAL OF USE OF FUNDS FOR INDIVIDUALS NOT**  
18                      **LAWFULLY WITHIN THE UNITED STATES.**

19          The Small Business Act (15 U.S.C. 631 et seq.) is  
20          amended by inserting after section 30, as added by section  
21          304 of this Act, the following:

22      **“SEC. 31. DENIAL OF USE OF FUNDS FOR INDIVIDUALS NOT**  
23                      **LAWFULLY WITHIN THE UNITED STATES.**

24          “None of the funds made available pursuant to this  
25          Act may be used to provide any direct benefit or assistance

1 to any individual in the United States when it is made  
 2 known to the Administrator of the Small Business Admin-  
 3 istration or the official to which the funds are made avail-  
 4 able that the individual is not lawfully within the United  
 5 States.”.

6 **SEC. 707. OFFICE OF ADVOCACY EMPLOYEES.**

7 Section 204 of Public Law 94–305 (15 U.S.C. 634d)  
 8 is amended as follows—

- 9 (1) by striking “after consultation with and  
 10 subject to the approval of the Administrator,”; and  
 11 (2) by striking from paragraph (1) “ten” and  
 12 by inserting “14”.

13 **SEC. 708. ADVOCACY STUDY OF PAPERWORK AND TAX IM-**  
 14 **PACT.**

15 The Chief Counsel for Advocacy of the Small Busi-  
 16 ness Administration shall conduct a study of the impact  
 17 of all Federal regulatory paperwork and tax requirements  
 18 upon small business and report its findings to the Con-  
 19 gress within 1 year of the date of the enactment of this  
 20 Act.

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